

# FISCAL NOTE

**Bill #:** HB263

**Title:** Montana fiscal crisis fund

**Primary Sponsor:** Daniel Fuchs

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

### FY 2004 Difference

### FY 2005 Difference

#### Expenditures:

General Fund

\$40,000,000

\$0

#### Net Impact on General Fund Balance:

\$(40,000,000)

\$0

- |   |   |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input checked="" type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

1. This bill creates a new Montana fiscal crisis trust fund and directs the state treasurer to transfer \$40 million from the general fund to the fiscal crisis fund July 1, 2003.
2. This fiscal note assumes that the intent of the bill is for each session of the legislature to appropriate an amount of at least \$40 million from the general fund which the state treasurer will deposit in the fiscal crisis fund at the beginning of the succeeding biennium. (see technical notes).
3. Interest on the fiscal crisis fund would be deposited in the general fund. However the funds transferred from the general fund would reduce interest earned on the Treasury Cash Account where the general fund cash balance is held. This note assumes the net interest effect is zero.
4. This bill would not have significant administrative impacts on the Department of Revenue.

### LONG-RANGE IMPACTS:

This bill requires an appropriation from the general fund to the fiscal crisis fund of at least \$40 million each biennium. Interest earnings on the fiscal crises fund will depend on appropriations from the fund. If cumulative appropriations from the fiscal crisis fund are less than cumulative deposits to the fund, the balance in the fund and interest earnings will increase over time.

### TECHNICAL NOTES:

1. Section 1 directs the legislature to transfer funds from the general fund to the fiscal crisis fund. The executive branch can only make such a transfer. The state treasurer is the appropriate entity to make the transfer.

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(continued)

2. Section 2 does not specify when the state treasurer will transfer funds to the fiscal crisis fund. As the bill is written, it directs the state treasurer to make a one-time transfer on the effective date of the bill, July 1, 2003.
3. Sections 1 and 2 together could be interpreted as directing two deposits of \$40 million in the 2005 biennium, one at the beginning of fiscal 2004 and one at an unspecified date.